



Date: January 28, 2004
To: Project Area Committee Members
From: Melanie S. Fallon, Executive Director
Subject: **Independent Study of Redevelopment**

On January 20, 2004, the Redevelopment Agency Board held a Special Meeting dedicated to discussion of an independent study. The meeting was very productive and significant progress was made in developing the initial Scope of Work needed to begin moving forward with the Independent Study of Redevelopment. The Redevelopment Agency Board, and those members of the community in attendance, molded a first draft of the Scope of Work, which is attached for your review (Exhibit A).

Additionally, there was quite a bit of comment and discussion that were not included in the first draft of the Scope of Work. We have incorporated those comments into a second attachment (Exhibit B).

We would also like to invite you to the next scheduled Special Meeting. On February 3, 2004, there will be a Special Meeting of the Redevelopment Agency Board dedicated solely to the discussion of an Independent Study. The meeting will be held at 8:30 A.M., at City Hall, 333 W. Ocean Blvd., 13th Floor conference room. We encourage all of you, and all other members of the public with an interest in this study, to review the attached materials and attend this important meeting.

We also invite you to visit the Independent Study Information Page of the Redevelopment Website (<http://www.longbeach.gov/redevelopment>). The site is updated frequently with the latest developments in this important endeavor.

If you have any feedback or suggestions please feel free to contact us.

MSF:OWG:jmv

Attachments: Exhibit A – Draft Scope of Work
Exhibit B – Public Comments from January 20, 2004

cc: Reginald I Harrison, Deputy City Manager
Barbara A. Kaiser, Manager, Redevelopment Bureau
Otis W. Ginoza, Redevelopment Administrator

Special Meeting of the Redevelopment Agency Board

Draft Scope of Work

January 20, 2004

A Request for Proposals (RFP) to conduct an Independent Study of Redevelopment in Long Beach should be prepared. The RFP should specify that the consultant team include at least one member with extensive experience in California redevelopment.

Consultant Selection Criteria

- *California based consultant.*
- *Diverse set of consultants.*
- *Opposing viewpoints.*

Public Input for Independent Study

- *Anonymous suggestion process.*
- *Letters to Agency Board brought to Agency Board meeting.*

Scope of Work

1. Review past and present practices of the Redevelopment Agency of the City of Long Beach.
 - *Why was the Redevelopment Agency created?*
 - *Determine time period to be reviewed.*
 - *Determine Projects to be reviewed.*
 - *Agency vs. City responsibilities.*
 - *Communications/Relationship between Agency Board and City Council.*
 - *Define Success.*
 - i. *Economic Success.*
 - ii. *Design Success.*
 - iii. *Social Success.*
 - iv. *Quality of Life – University of Michigan Model.*
 - *Do case studies of following projects:*
 - i. *Long Beach Plaza*
 - ii. *Renaissance Walk*
 - iii. *1890 Atlantic Liquor Store*
 - *Review Downtown Plan.*
 - i. *Original Goals vs. Achievements.*
2. Conduct a thorough review and evaluation of Redevelopment strategies and techniques including pros and cons. Public participation strategies should also be reviewed.
 - *What strategies/practices have been most successful?*
 - *What strategies/practices have been least successful?*
 - *How were they evaluated?*
 - *Potential formulas recommended to implement strategies.*
 - *Look at other cities.*

3. Determine what strategies/practices are applicable to the City of Long Beach based on situational and demographic similarity. Use this to identify a list of relevant “best practices”.
 - *Examine relationship of Agency staff to City management.*
 - *Staff Architect vs. Consultant Architect.*
 - *Time needed to start/complete projects.*
 - *Prepare project evaluations after completion.*
4. Conduct a comparative analysis between Long Beach practices and those determined to be “best practices”.
 - Identify shortcomings.
 - Identify successes.
5. Identify and review methods for evaluating future projects.
 - *Agency Design Review.*
 - *Fiscal Review.*
 - i. *Cost – Benefit Analysis.*
 - ii. *Impact on surrounding areas.*
 - *Quality of Life review.*
 - *Project Close-out reports.*
 - *Develop check list for evaluation of future Agency practices.*
 - *Create “Design Image Statement” at beginning of projects.*
6. Identify and review methods of public participation that might enhance the redevelopment process.
7. Determine which strategies/practices would be beneficial to the City of Long Beach.
 - *Long term planning for future projects.*
 - *Reports to Agency Board and Community on cumulative project costs.*
 - i. *Include staff costs.*
8. What steps would be needed to implement strategies/practices determined to be beneficial?
9. The issues of Merger and Expansion *and other options (as part of best practices).*
 - What are the consequences of Merging the project areas, pro and con?
 - i. *How will roles of Agency, staff and City Council change?*
 - ii. *Impact on Stakeholders.*
 - *What are the pros and cons of the project area Expansion?*
 - Will merger lead to greater success of and/or more expedient completion of redevelopment projects in Long Beach?

Public Comment on the Proposed Independent Study of Redevelopment

Prepared January 27, 2004

December 15, 2003 Redevelopment Agency Meeting Public Comments (prepared from staff's notes)

Speaker #1

- Need a well-balanced steering committee.
- Need to ask these questions:
 - Are we better off today because of redevelopment?
 - Are we better off with multiple project area or would we be better off with merged project areas?

Speaker #2

- Requested information on the documentation of redevelopment agency debt.
- PAC members and Agency Board members have an interest in expanding the project areas. Outsiders should be part of the Independent Study.

Speaker #3

- The Redevelopment Agency should stop all documents destruction, as they may be needed for the independent study.
- Expressed concern that staff will have too much influence on consultants since staff may speak with consultants out of the presence of the public.

Speaker #4

- The Redevelopment Agency needs to prepare a forensic audit. KPMG could prepare an audit to see how much money has been spent in the last 15 years.
- Expressed concern that staff will recommend only consultants that favor redevelopment. An RFP should be sent out and any consultant allowed to submit.

Speaker #5

- A small group should make the decisions; the Agency Board should be the steering committee.
- There is a great need for trust.

Speaker #6

- PAC representatives on a steering committee should be given time to consult with the PACs.
- The Independent Study should examine all elements: what has been done here, best practices, how redevelopment occurred in Long beach, and what could be done better, are merger and expansion appropriate at this time?
- Input should come from everywhere not just the Agency Board.

Speaker #7

- All of the questions described in the Felise Acosta Study need to be addressed. That should be done before the rest of the independent study.

Speaker #8

- The Independent Study needs community buy-in, and not be staff controlled.
- The Agency Board could be the steering committee.
- Bry Myown should be a member of the Steering Committee.
- Laurie Angel should be on the steering committee.

Speaker #9

- In May of 1999, Felise Acosta's report discussed communications and these issues need to be addressed.
- We need a forensic audit.
- People from the expansion area should be added to the steering committee.

Speaker #10

- Expressed concern that the steering committee is only the Agency Board as one subject that could be considered is the need for a separate Agency Board?

January 12, 2003

Redevelopment Agency Meeting

Public Comments (prepared from staff's notes)

Speaker #1

- One of the study sessions needs to be in the evening or a Saturday afternoon so that more of the public may participate.

Lewis Lester

- Mr. Lester read a prepared statement a copy of which is attached.

January 20, 2004

Special Redevelopment Agency Meeting

Public Comments (prepared from staff's notes)

Speaker #1

- The timeline is one of the last things the Agency Board should determine.
- Please send the expanded Scope of Work to the public.

Speaker #2

- The Board did not mention the project area expansion when it discussed the merger.
- A panel of consultants should prepare the Independent Study.

- The Independent Study should examine the way the Redevelopment Agency appraises the value of property, issues RFPs, solicits owner participation, selects developers and utilizes eminent domain. All of those processes are controversial.

Speaker #3

- Look at the promises made to the public during the project area adoption process.
- Look at the one-mile and ten-mile rings to determine the impact of redevelopment.
- The Agency should set a time for the consultants to meet with the public.

Speaker #4

- Impressed with the ideas discussed, especially the word “accountability” and the determination of project costs.
- The Independent Study should include cost benefit studies on past projects.
- The Board should not consider using any consultants who derive their income from redevelopment agencies as the lead consultant.
- A university or a think tank should be the lead consultant, and they could subcontract for the services of a redevelopment consultant.

Speaker #5

- Accountability is extremely important.
- We should be able to track costs by project.
- CURE and Municipal Officials for Redevelopment Reform should be considered as potential consultants.
- The Scope of Work should be changed to read “merger, expansion and other options”. One option to consider is ending redevelopment and using other methods that might better achieve the goals.

The following comments were provided to staff via e-mail on January 23, 2004:

- Is there a process that can be set up to coordinate projects with private developments in the surrounding area in a holistic approach?
- What is the role of the Redevelopment Agency regarding infrastructure needs in the City?
- Did not see anything in the notes from the Study Session about the remarks made on behalf of the CPAC membership.

January 26, 2004

Agency Board Meeting

Public Comments on the Independent Study (prepared from staff's notes)

Speaker #1

- Clarified suggestions regarding the evaluation of a merger as part of the Independent Study.

Speaker #2

- Agreed with Speaker #1.
- Stated that there is much sensitivity about the proposed project area expansion.

A PAC member submitted the following recommendation for an Independent Study during the merger discussions.

PROPOSED REDEVELOPMENT STUDY

Issue an RFQ to independent research or urban public policy institutes with a track record of evaluating redevelopment. The chosen research firm will address the following scope of work.

Conduct a history of the City of Long Beach Redevelopment Agency to determine redevelopment practices and how and why they have changed over time. Explicitly identify current practices at length including:

- How projects are planned from inception.
- The steps undertaken to determine the fit of projects for a particular area.
- How project funding is determined.
- Identify the PACs' role in the process.
- Identify the public's role in the process including initial contact, responsiveness to suggestions, and define current public interfaces and evaluate the effectiveness of the public hearing process.
- Identify each stakeholder's role in the redevelopment process.

Conduct a comprehensive comparative study of other redevelopment areas throughout the state.

- What redevelopment techniques have proven most successful and why.
- What has proven to be unsuccessful and why.
- Determine what best practice is.

Establish criteria to determine successful redevelopment or "best practice." Such as:

- Return on investment for various time frames in the project's life.
- Increase in property tax value in the project or developed area.
- Demographics? Or the like.

Evaluate the City of Long Beach redevelopment practices against the comparative study and best practice. Recommend improvements to redevelopment in the city and define a method to implement these changes.

Conduct public hearings and study sessions throughout the city and develop a consistent redevelopment model with specific recommendations for improving the city's redevelopment process.

134 E. Hill Street
Long Beach, CA 90806

January 12, 2004

Redevelopment Agency Board
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

Dear Board Members:

Citizens Against Redevelopment Merger and Expansion is opposed to a study of redevelopment led by the Redevelopment Agency Board. We believe that an "Independent Study of Redevelopment" as previously described by the Agency's staff, and most recently, as outlined in a January 12, 2004 memorandum from Melanie Fallon (Exhibit B) is unnecessary. It is our opinion that the draft conceptual plan is seriously flawed and reflects an inherent bias that will hinder a truly independent inquiry, and ultimately prove to be a waste of taxpayer dollars.

If you are genuinely interested in learning how redevelopment is practiced in Long Beach, and who has consistently been among the winners and losers as a result of those practices, then you will meet the follow six demands:

1. Rescind the Board's 12/15/03 motion making the RDA Board the "Steering Committee";
2. Request the Office of the City Auditor develop and issue an RFP for a Performance Audit of the Redevelopment Agency, and a Forensic Audit of the Redevelopment Agency's contracting practices, disposition of housing set-aside funds, use of bond revenues, and transfers to the general fund;
3. Prohibit Agency staff from participating in the development of the selection criteria that will be used to select the Consultant(s) hired to conduct these audits;
4. Ensure that the selection of the Consultant(s) is made by a 7-member committee that consists of: *three* RDA Board members, *three* PAC Chairs, and the City Auditor;
5. Ensure that the Project Area Committees have a 30-45 day period to review the Final Draft of the Independent Study, separate from and prior to the general public review/comment period; and
6. Ensure that each of the three Project Area Committees are allowed to submit a statement or response (up to 5,000 words) for inclusion in the official report prepared by the Independent Study Consultants – as addendum or exhibits.

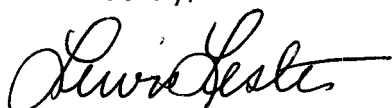
If you are willing to accept this challenge and meet these demands, you will be working in the public's interest and will significantly improve your chances of receiving an independent assessment of the Agency's policies, procedures, and its utilization of redevelopment resources. More importantly, you will likely end up with a

number of recommendations for improving the Agency's internal control structure and eliminating the operational inefficiencies that currently expose the Agency and taxpayers to fraud, waste and abuse.

If you continue to move down the road that the Agency staff has outlined for you, you can be certain that the public will be reminded that this Board had several opportunities to show itself to be truly independent of the City Council and the City Manager, but instead, was willingly led astray by a team of overpaid bureaucrats that would be in good company with the likes of former Enron executives Andrew Fastow and Jeffrey Skilling.

Please table discussion of the draft conceptual plan and consider a motion to request the City Auditor take responsibility for initiating an independent study of redevelopment.

Sincerely,

A handwritten signature in black ink, appearing to read "Lewis Lester", with a stylized, flowing script.

Lewis Lester,

Chair

Citizens Against Redevelopment Merger and Expansion

"Martha Thuyente"

01/05/2004 02:23 PM

To: jovalle@longbeach.gov

cc:

Subject: Consultants for Study of Redevelopment

Johnny,

After reviewing the list of possible consultants for the Study of Redevelopment in Long Beach, I find that one highly effective and widely respected agency has not been included on the list. The Brookings Institute is noted for its capable and thorough work in this field.

As for the listed consultants, it is obvious from the information given (presumably by the consultant groups themselves) that some do not have the focus for the type of study that is being requested by members of the PACs and public. I have no reason to favor one consultant over the other, but from a cursory read of the qualifications, I find there are some (Public Policy Institute of California and the Rand Corporation for example) who seem to be more focused on the needs in this instance.

As for the scope of the study as listed, it is my opinion that the topic of Merger should be removed from Item #2 and considered separately as Item #9. The questions to be considered when Merger is examined are simple:

- a. What are the consequences of Merging the project areas, pro and con.
And
- b. Will merger lead to greater success of and/or more expedient completion of, redevelopment projects in Long Beach?

At some time in the process of this study, the question of why it takes so many months/years to complete projects needs to be answered.

Than you for listening.

Martha Thuyente, Chair
NorthPAC